To,

All Members of Unified Payments Interface (UPI)

Subject: Addendum to OC – 184 Modification in UPI chargeback rules and procedures

Reference may be taken from UPI operating circular vide NPCI/UPI/OC No. 184 &184A. In URCS if the 11th chargeback (IFSC +Account number) and 6th chargeback (Payer VPA +Payee VPA) gets declined with reason code for CD1 and CD2 and after due diligence remitting bank finds the customer dispute is genuine and want to raise chargeback then bank is raising request to NPCI for whitelisting the dispute post which bank can raise chargeback through URCS.

In view of the above, to avoid NPCI intervention for whitelisting the disputes, NPCI has simplified the process by allowing issuing/remitting bank to raise chargeback which are rejected due to negative chargeback rule, the good faith dispute has been named as RGNB (Remitting bank raising good faith negative chargeback).

Note: RGNB adjustment should be raised by the issuing/remitting bank only when URCS declines the normal chargeback with CD1 & CD2 reason code. RGNB option is available only through front end. This option should not be used to avoid any compensations and penalties, any deviation shall be treated as non-compliance to the NPCI guidelines.

Refer Annexure – 1 for RGNB procedural guidelines and Annexure – 2 for user manual.

The above functionality will be implemented in URCS *with effect from July 15, 2025.*

Member banks are advised to take a note of the above and disseminate the information contained herein to the officials concerned.

Warm Regards,

SD/-

Giridhar GM
Chief – Customer Success

<u>Annexure – 1</u>

<u>RGNB - Remitting Bank Raising Good Faith Negative Chargebacks:</u>

Remitter/issuing bank can raise good faith negative chargebacks in URCS which are decline in URCS with reason code CD1 (declining the 11th Chargeback for IFSC and Account Number based combination) and CD2 (declining the 6th Chargeback for Payer VPA and Payee VPA combination). Once the adjustment is raised fund will be settled immediately by crediting the remitter bank who has raised the adjustment and debit the same to beneficiary bank who has received good faith negative chargeback. Beneficiary bank who has received the good faith negative chargeback has to accept or represent RGNB within 3 calendar days for P2P (U3) and 15 calendar days for P2M (U2) otherwise the adjustment window will be closed on deemed acceptance.

Key Points:

1. Member banks should do due diligence and proper validation of all adjustments before raising in URCS as URCS will not validate adjustment entries raised by the member banks in the system.

2. URCS will check the duplicate good faith chargeback through DRORGID, CRORGID, TXNID, ADJAMOUNT, ADJFLAG AND TXN SUBTYPE fields. If duplicate adjustments are identified, then URCS will decline the same.

3. Banks should use proper and correct three digits code while raising adjustments as per the AUTH settlement only (If the AUTH transaction is settled e.g. Remitting bank – ABC and Beneficiary bank XYZ then same bank codes have to be used for raising debit/credit adjustments), three-digit code should not be altered.

4. P2P customer compensation will be processed same as per existing process. If the good faith charge back is accepted or deemed accepted, then URCS will process the compensation by default if it is beyond the TAT. URCS will check the number of days between transaction date and adjustment date is beyond T+1 before 4PM then compensation will be processed.

5. For P2M If acquiring bank/beneficiary bank wants to pay customer compensation along with the dispute amount, then bank should choose compensation flag 'Y' for yes otherwise choose 'N' for no.

6. Generic good faith chargeback RGNB transaction amount, customer compensation amount (if applicable) will be settled in existing NTSL line item **'Net Adjusted Amount'** & **'Customer Compensation'** for Non-Compliance Debit/Credit.

7. All other validations will remain same refer OC 206 & 206A for details.

DISPUTES REASON CODES, DISPUTE FLAGS & Description

TXN Type	U2/U3	Dispute Flag	Reason Codes	Reason code Description	TAT	Dispute Description	Who can raise	Who should respond	Fund Movement Status	Penalty Flag /Status	Adjustment Report
P2P	U3	RGNB	NB1	It is valid P2P chargeback, not a negative chargeback	NA	Remitter Generic Good Faith Negative Chargeback	Remitting Bank/Issuing Bank	Beneficiary/ Acquiring Bank	Credit - REM Debit - BEN	NA	Yes
P2M	U2	RGNB	NB2	It is valid P2M chargeback, not a negative chargeback	NA					NA	Yes
P2P	U3	BGNA	NA1	Accepting P2P chargeback	3 calendar days	Beneficiary Acceptance to the Generic Good Faith Negative Chargeback	NA	Beneficiary /Acquiring Bank	NA	Yes (Mandatory)	Yes
P2M	U2	BGNA	NA2	Accepting P2M chargeback	15 calendar days					Yes/No (As chosen by Bank)	Yes
P2P	U3	BGNR	NR1	Rejecting P2P chargeback, amount already credited in beneficiary account	3 calendar days	Beneficiary Representment to the Generic Good Faith Negative Chargeback	NA	Beneficiary /Acquiring Bank	Credit - BEN Debit - REM	NA	Yes
P2M	U2	BGNR	NR2	Rejecting P2M chargeback, goods/service already provided to the customer.	15 calendar days					NA	Yes
P2M	U2	BGNR	NR3	Refund already processed	15 calendar days					NA	Yes
P2P	U3	BGND	ND1	Deemed acceptance of P2P Generic good faith chargeback	3 calendar days	Beneficiary Deemed Acceptance to the Generic Good Faith Negative Chargeback	URCS	URCS	NA	Yes (Mandatory)	Yes
P2M	U2	BGND	ND2	Deemed acceptance of P2m Generic good faith chargeback	15 calendar days					Yes (Mandatory)	Yes